HART LEARNING GROUP

Minutes of a meeting of the Hart Learning Group Board, held on Monday 4 February 2019 in the Council Chamber, the old Town Hall, The Broadway, Letchworth.

PRESENT

Lynne Ceeney (Vice-chair): in the chair
Liz Calver (Staff Governor)
Kit Davies
Daniel King (Student Governor)
Danny Malyon
Vernon McClure
Liz Mitchell
Andrew Simmons
David Stern
Rhys Thomas (Observer, ESFA)
Jack Tomlinson

IN ATTENDANCE

Lucy Hann (Chief Operating Officer)
Paul Harte (Group Finance Director)
Gary Phillips (Director, Quality, Curriculum and Organisational Transformation)
Lindsey Sherring (Director, Hart Learning & Development Ltd)
Robert Dale (Company Secretary)

ELECTION OF NEW CHAIR

- Lynne Ceeney opened the meeting, noting that David Chalk having resigned from the Board from 31 December 2018, a new Chair was to be appointed. One nomination had been received (for Andrew Simmons). Andrew wished to speak briefly to colleagues before this was considered.
- Andrew expressed regret that David had felt that his position with Lloyds Bank meant that there was too great a potential conflict of interest to continue as Chair. His own background included working in the education and training word for much of his career, including 15 years at Hertfordshire County Council, where most recently he was Deputy Director of Childrens' services and Director of Education until retirement. He had previously worked with the Youth Connexions service and chaired the national Connexions Board. Prior to joining local government, he had been a civil servant involved in education policy development.
- He believed that he had the right kind of skills and experience to lead the Board at a challenging time.
- Andrew Simmons left the room while governors considered the nomination and unanimously agreed to ask Andrew Simmons to take on the role for two years.
- On his return to the room, Andrew Simmons took the Chair.

ITEM 1A: APOLOGIES FOR ABSENCE

- Apologies for absence had been received from Peter Johnston.

ITEM 1B: DECLARATIONS OF INTEREST

- None.

ITEM 1C: MINUTES OF THE PREVIOUS MEETING

- Minutes of the meeting held on 10 December 2018 were approved and signed as an accurate record of proceedings.

ITEM 1D: MATTERS ARISING/ACTIONS

- Actions had been addressed as follows:
  - Develop paper on strategic direction and report to the Board in early 2019. **Action under way**. On the agenda for the next meeting.
  - Share detailed curriculum level SAR and QIP. **Action complete**. The detailed SAR and QIP were reviewed by the Q&I Committee on 17 December 2018 and revisited on 24 January 2019. See also Item 6.
  - Schedule discussion on a refreshed Management Accounts report at the February 2019 Board meeting. **Action complete**. See Item 5.
  - Circulate the BDO Report to the Board once it has been finalised. **Action complete**. The report was shared with members on 2 January 2019.
  - Prepare contract amendments for affected postholders and secure their agreement. **Action under way**. A draft letter and contract amendments are nearly finalized.
  - Review future agendas and move the Student Governor report to near the start. **Action complete**. This has been implemented from this agenda.
  - Circulate links to on-line Safeguarding and Prevent training for governors. **Action complete**. These were circulated to governors before the end of 2018. Reminders wold be issued.
  - Prepare and circulate a Search Committee report in January 2019. **Action under way**. A draft Search Committee report has been prepared.

ITEM 2: FUTURE DIRECTION, GOVERNANCE AND PRIORITIES

- The Chair reflected upon the experiences of the past twelve months, feeling that the Board could have delivered more effective oversight over financial matters. It was important to recall what the Board's role was beyond ensuring financial sustainability; delivering the best possible education and training services to people in the North Hertfordshire area and beyond, aiming to make a difference to their lives by giving them the skills to succeed and helping employers access the skills they needed.
- Key priorities for the organisation remained as previously outlined:
  - Reducing and removing unnecessary risks;
  - Ensuring financial sustainability;
  - Running operations efficiently and effectively;
  - Continuing to provide further education and other post-16 education and training services in the North Hertfordshire area to the highest standards possible (aiming for Outstanding delivery).
- Priorities for the Board were to develop as a team, build on the existing good relationship with the CEO and SMT and enhance their confidence in challenging the executives. They could also expect that the Group Finance Director – who now reported to the Board – would be an independent voice able to provide firm guidance.
- The Board recognised the substantial progress made since the FE Commissioner's visit and the pace of progress.
- The Chair indicated that he intended to stand down as Finance Committee Chair once a suitably qualified replacement had been identified. He planned to continue serving as Chair of the Multi-academy Trust as there was no fundamental conflict with the

college. The developing strategy would examine whether continuing to sponsor the MAT was right for the Group, but at this stage there were no financial risks to the Group nor distraction of focus, given the strong leadership in place at the Trust.

- Governors asked:

Question: *What was the future for the college?* The FE Commissioner's team had expressed confidence in the executive and non-executive leadership of the college to take it forward as an independent institution. However, it was sensible to consider that further sector consolidation might be needed in future. What the Board did now would enable the Group to determine its own future, rather than have one imposed.

Question: *Was Andrew's commitment to the Chair role for two years only?* He would be happy for the Board to consider a further appointment thereafter, if that was appropriate.

Question: *How should the Board culture and relationship with the senior management team (SMT) develop?* Working together as a Board was vital; individuals brought different skills and experiences to bear but all should be aiming for the same goals. In terms of the relationship with the SMT, there was already a strong commitment to transparency, but it was essential that bad news should be shared quickly – faster than good news. This helped build trust.

- Governors supported the direction provided and were keen to participate in further discussions on Board strategy.

ITEM 3: STUDENT GOVERNORS REPORT

- Daniel King presented a report outlining his activity since the last meeting. He had worked with colleagues in the SMT and Student Services to support a number of student activities, including awareness of diversity, and reporting back to students about progress with matters they had raised (eg the availability of games and leisure facilities. He had also engaged with students individually – for example, about student access to the gym. He had suggested sessions on elements of academic writing style (such as referencing) be introduced.

- Initiatives for this term would include working on the curriculum across all three campuses looking at similarities and differences. Improving student recreational facilities would also continue. He was also supporting Student Services actions to identify barriers to student access for Maths and English lessons, and reminding students about the relevance of these subjects to their future. At the ECC, he had suggested that more informal progress checking be used, not just mock tests. Could technology be used to make delivery more interesting and relevant?

- Students did not always see why a Maths or English GCSE was important; highlighting how this could limit career choices in future. Making use of Construction Industry Council or construction sector contacts might help? Was there scope to find some more 'ambassadors' to visit the campus and speak about their careers?

- Governors welcomed the report.

ITEM 4: CORPORATE RISK REGISTER

- The Audit Committee had reviewed and approved a new Corporate Risk Management Policy in December 2018 and considered an updated register. The paper identified which risks had been opened and closed since the last meeting, and highlighted red risks. These were largely cash and revenue-related. Governors asked:

Question: *What was the chance that the reduced HE recruitment seen in 2018/19 might be recovered in 2019/20?* The current assumption was that there would be no recovery in numbers, but also no further decline. Discussions about the future of the HE consortium were continuing, but arrangements had been changed which reduced the cost to the FE partners. There was some risk of further decline - but university entry criteria were as low as they could go. Other options to include in the HE programme was being considered.

Question: *At what point might it make* sense *to* cease *offering HE programmes?* That was a reasonable question and one that the review would also consider. It was likely that there remained a strong case for an offer that did not rely on a relationship with a university.

Question: *How would the Board* assess *how and where to diversify the Group's offer?* A substantial review of employer needs in the Hertfordshire area had been carried out recently that had highlighted employer priorities and skills gaps aligned to the LEP's views. This formed the basis for the Group's current offer. However, the Group was also willing to react in-year if there was evidence of demand.

- Options for the future HE offer might include more progression routes from L3 to L4 qualifications or a professional offer not including foundation degrees. Government policy (for example, restricting the number of unconditional offers that universities could make, or changing the approach to Foundation Degrees, would also be considerations. The Board would be involved in a future discussion over direction for this part of its delivery offer.

Action: Add HE Programmes to a future Board agenda.

- **The Board endorsed** the Corporate Risk Register.

ITEM 5: DECEMBER 2018 MANAGEMENT ACCOUNTS

- The Board reviewed the December Management Accounts which had been considered by the Finance Committee on 29 January 2019. The Committee recommended that the Board accept the report. Key points included:
- The year-to-date position was worse than budget, but comparison with the equivalent period in 2017/18 showed substantial reductions in pay and non-pay costs. The reforecast year end position showed an improved outcome (a deficit of £244k against a forecast £325k deficit). This reflected the receipt of a refund of overpaid VAT from HMRC of £1.1 m (£0.?m more than forecast, but in line with the claim submitted) which offset loss of income from lower HE and apprentice recruitment. The year-on-year comparisons showed the impact of cost saving decisions taken in 2018.
- There were still some risks around income from Adult Education Budget programmes and full-cost course delivery if the forecast outcome was to be achieved.
- Governors thanked Paul Harte for his tenacity and diligence in pursuing the VAT claim. This was a one-off windfall; continued action to control cost and generate income was vital.

Question: *What was the rationale for seeking extra in-year income from the funding agency?* The allocation for 16-18 year-old traineeships had been exceeded. The team had established excellent links with local businesses including national retailers and there was some scope for increased income in future.

Question: *What was the outcome of the bid to the Transaction Unit (TU)?* The bid for longer term restructure funding from the TU had been successful, although at a slightly lower level than requested. A total loan of £5.Sm had been agreed, which would include the £2.75m already provided through Exceptional Financial Support (EFS). [redacted] The details were being worked through and a Board resolution would be required to complete (probably secured by circulation.

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Question: *What Performance indicators would the TU use to* assess *the Group's position in future?* Once the Financial Recovery Plan had been agreed, key metrics from this would be used to monitor organisational performance.

Question: *How had the recent FE Commissioner's visit gone?* The visit had been described as a 'stocktake', checking progress against the 11 recommendations made after the September visit. The team saw evidence of progress against all of them and had complimented the Board on its response to the challenge it had been set. Middle managers and staff generally came in for praise in terms of their drive for quality and positive culture. The awareness of the need for efficiency was embedded within the organisation. Six more points had been raised for consideration, the most significant being the need to increase the speed of the business plan recovery.

- Governors agreed that the FE Commissioner and his team was one of three critical external stakeholders, the other two being the bank (which had continued to be very flexible and supportive) and the Education and Skills Funding Agency. Their needs and expectations were not always aligned.

Question: *How should the Board respond to the BOO review?* The report had been commissioned to serve several purposes, including to provide the Board with assurance that the assumptions underpinning the SMT's thinking about financial plans were reasonably based. It was also used to support the successful TU bid, and addressed one of the FE Commissioner's recommendations. The report highlighted sensitivities and vulnerabilities in the Group's business plan which the Board would want to watch carefully. Overall, the report should provide a solid anchor for financial planning and decision-making.

- There had been continued progress around the Hitchin land sale to address the potential Sport England object to the development. A site for the creation of an additional 3G pitch had been identified at the Priory School, Hitchin and discussions held with school representatives about how to take this forward. It was likely to include a bid to the Football Foundation for a capital grant towards its construction. Further meetings with Sport England were anticipated to assess their attitude to the proposals.
- Governors hoped progress could continue to be made quickly.

ITEM 7: FINANCIAL RECOVERY PLAN

- The proposed plan covered the quality of delivery as well as purely financial matters. The draft version presented in the papers provided a base case for creating a resilient and sustainable organisation. Development had made use of the BOO report, which ensured its assumptions and calculations were reasonably well-founded. Both the bank and the funding agency had also seen the current draft, which now incorporated the impact of the VAT refund, the approval of TU funding, and the associated capital repayment holiday granted by the bank. The Board was asked to consider and approve the plan as the basis for developing further detailed business plans.
- The paper included several scenarios which adopted the assumptions included in the BOO report, and which showed surpluses for each of the years after 2019/20. There were savings assumed but not yet identified for 2019/20 which would be addressed through the 2019/20 budget-setting process. One of the scenarios assumed the receipt of income from the Hitchin land sale, with an impact on the position in 2020/21. Other scenarios sought to address some of the risks and sensitivities identified in the BOO report. The key threshold for the bank - maintaining adequate financial headroom - was maintained in each case, and the projections returned the Group to break-even in 2019/20 and surplus thereafter. This was a sustainable position. Governors asked:

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Question: *Given that the plan assumed broadly flat revenue, except for apprenticeships, it was very sensitive to performance in this area. How could this be mitigated?* The majority of apprentice revenue was generated by the larger clients where a longer-term commitment was in place; SME engagement with apprenticeships fluctuated more, but was a smaller element of delivery.

Question: *How would the Group cope if clients sought to extend payment terms?* This was a matter of concern. Debt collection processes had materially improved in the last two years, but longer payment terms would challenge cash-flow assumptions.

- Governors recognised the risk to apprenticeship income, but noted that the way in which apprenticeships were funded was end-loaded; this meant that indications of declining recruitment could be spotted early and action taken to cut costs.
- **The Board adopted** the proposed Financial Recovery plan as the basis for business planning.

ITEM 8: CURRICULUM AND QUALITY UPDATE

- Governors considered the paper and noted that high value-added scores for L2 and L3 students placed the Group above the national average overall. Maths and English outcomes for functional skills and GCSEs were forecast to be around the national average this year. There had been good results from November's M&E resits. These indicators provided evidence that the FE Commissioner's expectations that teaching and learning quality would continue to improve were being met.
- Attendance at Maths and English lessons was still not high enough, but the usual post-Christmas decline had not been observed. Work continued to improve performance at the ECC and the Head had visited other good and outstanding provision to identify potential actions that could be taken. The forecast for this year was better.
- Two good Curriculum and Quality Reviews (CQRs) had taken place: Maths and English and Business and Travel. In both cases, evidence of improvement was seen (particularly strong in the latter). The four support coaches in Student Services continued to support a high level of student need, including mental health, anxiety, financial worries and family issues.
- Hart L&D outcomes had improved, but there was scope to do more. End to end analysis of the processes had begun to pin down precisely where the issues were – some areas performed better than others. Barchester, for example, needed focussed support and the deputy head was working with construction programmes to improve apprentice support. Getting better results from Barchester would make a material impact on results. An area of success was end-point assessment outcomes, where Hart L&D apprentices were doing particularly well.
- In response to the staff survey findings, a staff action group (chaired by Liz Calver) had been established. It had selected five projects to work on across the remainder of the academic year focussed on well-being.
- The Board was delighted to see the way in which the student governor was actively encouraging students to work on their Maths and English courses. Members were also pleased to see that the staff continued to be dedicated to improving quality and delivering outcomes for students.
- The Board welcomed the report.

ITEM 9: HERTVEC

- Members were reminded that Hertvec was a venture to deliver vocational education in Saudi Arabia in which the Group had a 32% interest (Hertford Regional College had 48% stake and a Saudi partner – Samama – held the remaining 20%). A previous

Board had been encouraged to go into this venture in 2014 by DTI representatives who were enthusiastic about promoting UK education services abroad.

- [redacted]

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- [redacted]

- [redacted]

[redacted]

[redacted]

[redacted]

- [redacted]

ITEM 10: SUB-CONTRACTING FEES AND CHARGES POLICY AND AEB ALLOCATIONS 2018119

- There were no significant changes proposed to the current Policy. The updated version will be published on the Group website once agreed.

- Proposed allocations of Adult Education Budget (AEB) funding to a small number of sub-contract partners were identified. These organisations were ones with which the Group had a long-term relationship and about whose delivery there were no material concerns. The funding rules clearly defined when sub-contracting was permitted and the proposed allocations were consistent with them.

Question: *What was the reason for the vastly different cost of delivery per capita between partners?* This related to the nature of the delivery being provided and the duration of the courses.

- **The Board approved** the proposed Fees and Charges Policy and the proposed allocation of AEB funding to sub-contract partners on 2018/19.

ITEM 11: ANY OTHER BUSINESS

Financial priorities and budget parameters

- The Board would be invited to participate in a strategic discussion about budget setting likely to be around the start of May (when key planning data would become available).

Action: Canvass potential dates and times for a strategic discussion about budget setting.

Ofsted Inspection framework

- The Quality and Innovation Committee had received a presentation about the new Inspection framework (coming into effect from September 2019) and suggested that the Board should also be informed about it.

Action: Add 'New Ofsted Inspection Framework' to a future Board agenda.

ITEM 12: DATE OF NEXT MEETING

- The next meeting would take place on Monday, 1 April 2019, at the old Town hall, Letchworth, starting at 18.30.

ITEM 13: GOVERNOR DASHBOARD

- The dashboard for December had been circulated with the pack. The next dashboard would be linked to the CEO's report for the next meeting.

Question: Was *it possible to include benchmark information?* Where available for other colleges, this could be considered, but it would not relate to the same academic year.

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Signed - Chair of Governors

Date

ACTION LOG

Meeting	Minute Reference	Summary of Action	Who	When
15/10/18	6.	Develop paper on strategic direction and report to the Board in early 2019.	Kit Davies	31/03/19
10/12/18	15.	Prepare and circulate a Search Committee report.	Robert Dale	31/01/19
04/02/19	4.	Add **HE** Programmes to a future Board agenda.	Robert Dale	28/02/19
04/02/19	11.	Canvass dates and times for a strategic discussion about budget setting.	Robert Dale	28/02/19
04/02/19	11.	Add 'New Ofsted Inspection Framework' to a future Board agenda.	Robert Dale	28/02/19